

Message Text

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TAGS: OAS, PFOR, PA

SUBJ: OAS REFORM, COUNTRY REVIEW PROCESS

REF: STATE 022265

1. EMBASSY/USAID VIEWS ON THE THREE ALTERNATIVES CONCERNING THE CEPICIES COUNTRY REVIEW ARE AS FOLLOWS:

A) ALTHOUGH WE CONSIDER THAT COUNTRY REVIEW PROCESS HAS NOT FUNCTIONED WELL, IT IS STILL USEFUL INSTRUMENT AND HAS DISCIPLINARY EFFECT FOR COUNTRIES UNDER REVIEW. WE CONSIDER THAT ELIMINATION OF THE COUNTRY REVIEW WOULD BE MISTAKE.

B) TO MOVE THE COUNTRY REVIEW PROCESS TO ANOTHER AGENCY APPEARS TO US TO OFFER NO ADVANTAGES OVER PRESENT ARRANGEMENT AND COULD BE LESS DESIRABLE IF MOVE WERE TO AGENCY SUCH AS IDB WHICH FROM OUR VANTAGE POINT HERE HAS BEEN ONE OF LEAST FORCEFUL IN EXISTING COUNTRY REVIEW PROCESSES. IN OUR VIEW, TRANSFER TO IDB WOULD DECREASE DISCIPLINARY EFFECT OF THE REVIEW PROCESS.

C) KEEPING THE CEPICIES REVIEW IN THE OAS ALONG WITH AN EFFORT TO UPDATE AND IMPROVE THE PRESENT STRUCTURE APPEARS TO US CLEARLY THE BEST ALTERNATIVE. ONE WAY IN WHICH THE PROCESS MIGHT BE IMPROVED IS, DURING THE COUNTRY REVIEW PROCESS, TO POSE A SERIES OF QUESTIONS

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WITH ESTABLISHED DEADLINES FROM THE COUNTRY BEING REVIEWED,

WITH THE FURTHER REQUIREMENT THAT THERE BE PERIODIC REPORTS
ON PROGRESS TOWARD THE GOALS WHICH HAVE BEEN SET.

2. OUR ASSESSMENT OF PARAGUAYAN REACTIONS TO EACH OF
THE THREE ALTERNATIVES IS AS FOLLOWS:

A) WE BELIEVE THEY WOULD NOT FAVOR COMPLETE ELIMINA-
TION OF THE COUNTRY REVIEW PROCESS SINCE, FROM THEIR POINT
OF VIEW, THIS OFFERS THEM THE OPPORTUNITY TO INDIRECTLY
PLEAD FOR ADDITIONAL ASSISTANCE. ON THE OTHER HAND,
PARAGUAYANS WOULD PROBABLY NOT VOICE STRONG OBJECTIONS IF IT
APPEARED THAT SIGNIFICANT SUPPORT FOR ELIMINATION EXISTED.

B) PARAGUAYANS WOULD PROBABLY PREFER THE ALTERNATIVE
OF TRANSFERRING
THE REVIEW PROCESS TO ANOTHER AGENCY
ESPECIALLY THE IDB. THEIR REASONS FOR THIS ARE CLOSELY
RELATED TO THOSE SET OUT IN PARA 1(B) ABOVE, I.E.,
EXPERIENCE HAS SHOWN THEM THAT THE IDB IS LESS EXACTING IN
FORMULATING AND APPLYING REPORTING REQUIREMENTS AND EXTRACTING
PLEDGES TO IMPROVE EXISTING SHORTCOMINGS IN THE PERFORMANCE
LVTHE COUNTRY'S FISCAL SYSTEM.

C) ALTHOUGH PROBABLY PREFERING ALTERNATIVE B),
WE BELIEVE THAT PARAGUAYAN GOVERNMENT WOULD NOT OBJECT
TO KEEPING THE PROCESS IN THE OAS. LIKEWISE THEY WOULD
NOT ACTIVELY OPPOSE ANY REASONABLE UPDATING AND IMPROVE-
MENT OF THE PROCESS. THE GOP MIGHT HAVE DIFFICULTY
ESTABLISHING GOALS BUT THERE SHOULD BE NO OBJECTION
TO THE CONCEPT.

3. IN SUMMARY, WE CAN PROBABLY NEVER SECURE THE KIND OF
SUBSTANTIVE ECONOMIC ISSUES AND PEER CRITICISM WHICH
TAKES PLACE, FOR EXAMPLE, IN THE EUROPEAN ECONOMIC COM-

MUNITY BUT AT THE MOMENT THE OAS COUNTRY REVIEW PROCESS
IS THE ONLY GAME IN TOWN, AND WE THINK IT SHOULD BE
RETAINED AND STRENGTHENED.

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